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ARIZONA CORPORATION COMMISSION
OFFICE OF COMMISSIONER ANNA TOVAR

March 4, 2021

Docket Control
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

Re: In the matter of the application of Arizona Public Service Company for a hearing to determine the fair value of the utility property of the company for ratemaking purposes, to fix a just and reasonable rate of return thereon, to approve rate schedules designed to develop such return (E-01345A-19-0236).

Mr. Guldner,

Arizona Public Service Company (APS) is seeking a significant rate increase. That increase includes recovery for clean energy resources, specifically the approval of an advanced energy mechanism and securitization for retiring conventional assets. Your pre-filed testimony asserts that these requests are made so that APS can meet its own Clean Energy Commitment of 100 percent clean, carbon-free, and affordable generation by 2050. Guldner Pre-Filed Test. 5, Nov. 6, 2020. This Commitment is nearly identical to the 100 percent emissions-free standard adopted in the Commission's proposed energy rules.

Less than two months ago, I questioned you under oath about the Commission's pending energy rules, House Bill 2248, and its companion, Senate Bill 1175. You testified that "we support the energy rules." Guldner Tr. 952:17, Jan. 21, 2021. You also testified that you thought resource planning was under the Commission's broad constitutional authority. *Id.* at 954:24-955:7. When I asked you point blank whether APS supports either bill, you said "[w]e recognize there is a difference of opinion right now between where the Commission is and where the legislature is. And so I don't know that anything we can say is going to impact that difference of opinion, but it if goes forward, this may end up getting settled in the courts." *Id.* at 956:2-7.

Last night, Kent Walter, Manager of Realtime Resource Operations and Trading for APS, testified before the Arizona Senate Committee on Natural Resources, Energy, and Water and was asked if APS supported the Commission's proposed energy rules or had any comment on HB 2248 and SB1175. He responded that he could not weigh in support or opposition to the proposed energy rules and had no position on the bills. Today, you sent an email to the Legislature asserting that "APS fully supports the Arizona Corporation Commission's (ACC) comprehensive Energy Rules package, as it will help move Arizona toward a cleaner energy future." You went on to state that "APS believes the ACC's proposed rules are pragmatic and appropriate guidelines that create certainty for utilities and also provide an important platform for economic development enhancing our collective ability to grow the state's economy and create jobs." You did not mention the bills.

I am happy to see that APS supports the efforts of the Commission to pass the proposed energy rules. What remains unclear is whether APS supports HB2248 and SB1175. While APS may not "impact" the "difference of opinion" between the Legislature and the Commission, I am still interested in your position on the issue. And, I imagine your customers, the stakeholders, the Legislature, and even your own shareholders are also interested in

your opinion. So, I will ask you again, does APS support HB2248 as passed by the House last night, or SB1175 in its current form? And, assuming for the sake of argument that the Legislature has any jurisdiction over utility resource planning, which it does not, would APS prefer the Commission or the Legislature to oversee resource planning, including any clean and renewable energy standards?

Since time is of the essence and you have had two months to wrestle with these issues, I would like a response by close of business tomorrow, March 5, 2021.

Sincerely,

Anna Tovar

Anna Tovar
Commissioner

